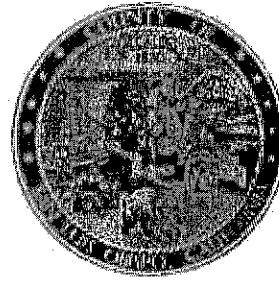


**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Auditor - Controller	(2) MEETING DATE 4/16/2013	(3) CONTACT/PHONE K. Bailey (805) 788-2979	
(4) SUBJECT Report of the annual Fiscal and Compliance Review of establishments subject to the County Transient Occupancy Tax Ordinance and San Luis Obispo County Tourism Business Improvement District assessment for calendar year 2011.			
(5) RECOMMENDED ACTION It is recommended that the Board receive the item and file.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT \$0.00	(8) ANNUAL FINANCIAL IMPACT \$0.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>December 6, 2011</u>	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) All Districts -			

County of San Luis Obispo



TO: Board of Supervisors

FROM: James P. Erb, CPA, Auditor - Controller

DATE: 4/16/2013

SUBJECT: Report of the annual Fiscal and Compliance Review of establishments subject to the County Transient Occupancy Tax Ordinance and San Luis Obispo County Tourism Business Improvement District assessment for calendar year 2011.

RECOMMENDATION

It is recommended that the Board receive the item and file.

DISCUSSION

Section 7280 of the California Revenue and Taxation Code authorizes the County to levy a Transient Occupancy Tax (TOT) on transients lodging in the unincorporated area for 30 days or less. The Property and Business Improvement District Law of 1994 authorizes the levy of assessments upon businesses that benefit from Business and Improvement Districts. The County ordinance providing for the establishment of the San Luis Obispo County Tourism Business Improvement District (SLOCTBID) and the assessment of a fee for all lodging establishments within the boundaries of the district became effective July 1, 2009. The purpose of the assessment is to promote tourism within the district. The ordinance is subject to an annual review and the funds collected are distributed on behalf of the SLOCTBID Steering Committee.

Currently the County collects a 9% TOT from 893 establishments throughout the unincorporated area and an additional 2% SLOCTBID assessment from 768 establishments located within the district.

The purpose of our review was to determine the accuracy of the TOT and SLOCTBID assessments remitted to the County and verify that the tax and assessments were calculated in accordance with Chapters 3.08 and 3.09 of the San Luis Obispo County Code. In addition, we verified the existence and posting of registration certificates and business licenses.

The progress and results of our review were delayed due to the need to reassign staff to perform the State mandated agreed-upon procedures audits required by ABX1 26 which dissolved redevelopment agencies throughout the state.

OTHER AGENCY INVOLVEMENT/IMPACT

Separate reports on each audited establishment were issued to the Treasurer-Tax Collector. The Treasurer-Tax Collector is responsible for the administration of the TOT and SLOCTBID ordinances and the enforcement of all audit findings and recommendations.

FINANCIAL CONSIDERATIONS

The County collected \$6,910,620 in TOT and \$506,394 in SLOCTBID assessments during calendar year 2011.

RESULTS

We reviewed seventeen establishments. During the course of our review we identified \$7,591 in TOT, SLOCTBID, penalties, and interest due to the County. We have attached our report and Summary of Monetary Audit Findings with details by establishment. We also found the establishments to be generally in compliance with obtaining and posting the required certificates and licenses.

Annual fiscal and compliance reviews of TOT and SLOCTBID assessments are one of the tools used in cooperation with the Treasurer-Tax Collector to monitor receipts of tax and assessments in the unincorporated area. Annual tax and assessment monitoring activities help maintain reporting accountability and contribute to the County's vision of a prosperous and well governed community.

ATTACHMENTS

1. Master TOT Treasurer-Tax Collector Report
2. Summary of Monetary Audit Findings



COUNTY OF SAN LUIS OBISPO

Office of the Auditor-Controller

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James P. Erb, CPA, CICA
Auditor-Controller

James Hamilton, CPA *Assistant*
Lydia Corr, CPA *Deputy*
Tamara Kaizuka, CPA *Deputy*

TO: ART BACON, ACTING TREASURER-TAX COLLECTOR-PUBLIC ADMINISTRATOR

FROM: JAMES P. ERB, AUDITOR-CONTROLLER *J.P.E.*

DATE: APRIL 1, 2013

SUBJECT: REPORT OF THE ANNUAL FISCAL AND COMPLIANCE REVIEW OF
ESTABLISHMENTS SUBJECT TO THE COUNTY TRANSIENT OCCUPANCY TAX
ORDINANCE FOR CALENDAR YEAR 2011

Purpose

The purpose of our review was to determine the accuracy of the Transient Occupancy Tax (TOT) and San Luis Obispo County Tourism Business Improvement District (SLOCTBID) assessment remitted to the County and to verify that the tax and assessment were calculated in accordance with Chapters 3.08 and 3.09 of the San Luis Obispo County Code. In addition, we verified the existence and posting of registration certificates and business licenses.

Scope

We reviewed the monthly TOT returns submitted by seventeen selected establishments in the unincorporated area of San Luis Obispo County.

Methodology

We reconciled the amounts reported on the TOT returns to the establishments' financial books and records tracing total receipts, exemptions and deductions claimed, and tax remitted. We tested samples of customer registration cards and room logs by agreeing customer names and payment amounts to the operators' daily/monthly summaries used to calculate the TOT and SLOCTBID reported to the County. In addition we verified existence and posting of TOT Certificates and business licenses.

Results

We identified five establishments that understated revenue and one establishment that overstated revenue resulting in a total of \$7,591 in TOT, SLOCTBID, penalties and interest due to the County. We identified two establishments that overstated revenue; however, because the TOT was collected from guests on behalf of the County, it must be remitted to the Tax Collector, and no refund was due to the establishments. A comprehensive schedule of monetary audit findings for the establishments is shown in the attached Summary of Monetary Audit Findings. We also identified four establishments that did not post the Transient Occupancy Registration Certificate in a conspicuous place.

Under separate communication to your Office, we previously issued individual reports for each establishment audited. These separate reports served to communicate to your Office our specific audit findings and recommendations. This report summarizes those findings and will be presented to the Board of Supervisors.

We appreciate the assistance and cooperation we received from your staff during the course of our review.

COUNTY OF SAN LUIS OBISPO
CALENDAR YEAR 2011 - TRANSIENT OCCUPANCY TAX AUDITS
SUMMARY OF MONETARY AUDIT FINDINGS

ESTABLISHMENT *	PERIOD AUDITED	TAXABLE REVENUES			MONEY DUE BY AUDIT FINDINGS					TOTAL DUE(REFUND)
		REPORTED	AUDITED	DIFFERENCE	TAXES/FEE DUE (REFUND)	PENALTIES	INTEREST	DUE(REFUND)		
1	Jan - Dec 2011	\$ 247,305.77	\$ 247,485.77	\$ 180.00	\$	\$ 19.80	\$ 3.98	\$ 0.10	\$ 23.86	
2 *	Jan - Dec 2011	509,196.00	509,128.97	(67.03)		(7.37)	-	0.19	*	
3	Jan - Dec 2011	326,797.79	326,797.79	-		-	-	-	-	
4 *	Jan - Dec 2011	197,943.45	198,180.78	237.33		26.11	5.22	0.13	31.46	
5 *	Jan - Dec 2011	8,457.56	8,457.00	(0.56)		(0.06)	-	-	*	
6	Jan - Dec 2011	67,903.50	69,350.00	1,446.50		133.79	26.76	0.73	161.28	
7	Jan - Dec 2011	503,027.97	501,067.12	(1,960.85)		(195.64)	-	0.10	(195.54)	
8	Jan - Dec 2011	1,115,862.22	1,115,862.22	-		-	-	-	-	
9	Jan - Dec 2011	283,757.88	301,075.00	17,317.12		1,904.88	563.26	11.29	2,479.43	
10	Jan - Dec 2011	762,898.00	762,897.99	(0.01)		-	-	-	-	
11	Jan - Dec 2011	455,777.09	455,777.32	0.32		0.03	0.01	-	*	
12 *	Jan - Dec 2011	623,606.81	623,606.81	-		-	-	-	-	
13	Jan - Dec 2011	1,059,650.17	1,041,842.56	(18,007.61)		**	-	-	-	
14	Jan - Dec 2011	777,584.94	777,585.47	(18.17)		(2.00)	-	-	*	
15	Jan - Dec 2011	179,244.77	172,749.88	(6,494.89)		**	-	-	-	
16	Jan - Dec 2011	3,985,143.50	3,985,144.43	0.93		0.11	0.02	-	*	
17	Jan - Dec 2011	12,215.00	59,149.51	46,934.51		4,224.10	844.62	21.30	5,089.02	
		\$11,116,372.03	\$11,155,979.62	\$39,607.59		\$6,103.75	\$1,444.05	\$33.84	\$7,590.71	

* Establishment names have not been included for purposes of confidentiality.

** No refund is recommended because establishment overcollected TOT. TOT collected was remitted as per County ordinance.

* Amount is under the \$10 threshold set by the Tax Collector; there is no refund or amount due.

Note: The Transient Occupancy Tax (TOT) rate for the period is 9% and the SLOCTBID rate is 2% for a total rate of 11%.

Establishments do not include the 2% BID assessment; total tax rate is 9%.

* Establishment did not have a business license or did not post their business license and TOT certificate in a conspicuous place.